

**Help to Buy (Scotland) Monitoring Group  
Victoria Quay, Edinburgh**

23 August 2017

**Attendees:**

Nicola Barclay (NB)

David Ogilvie (DO)

[Redacted]

Joanne McDowell (JMc)

[Redacted]

[Redacted]

Homes for Scotland

Homes for Scotland

UK Finance

More Homes Division

Communities Analysis Division

More Homes Division

More Homes Division

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

6.

[Redacted]

[1 page redacted exempt.]

## Future of Help to Buy

11. JMC, ■ and Bruce Teubes have been undertaking work to understand the impact of HtB. They have looked at the economic impact including jobs, greater stability of the mortgage markets, diversity and stability in the construction sector, long term wealth creation for buyers etc. It is estimated that, based on an annual budget of £50m, the scheme supports 1200 jobs per annum and 900 additional homes per annum. Also, in general there will be a greater return on receipts than has been spent.

**Action point:** HfS and UK Finance to provide any evidence they have which would support continuation of HtB/show the impact of HtB ending. Please share anything you have whenever you have it and as much as possible by early October. The more evidence the better; this includes anecdotal evidence from members.

12. NB noted that builders have already said they would change their stock if HtB were to end. One builder has said they would stop building 2 bed properties and concentrate on larger detached properties. DO commented that this type of change would remove a great deal of flexibility at market entry level.
13. ■ noted that other factors should be considered when looking at the affect HtB has on the overall market. LBTT has slowed the upper end of the market, need to consider how the removal of HtB would slow the lower end of the market. Also need to consider the effect of a rise in interest rates.
14. JMc confirmed all the shared equity schemes will be reviewed. NB asked why there are separate schemes if new builds can be bought under OMSE. JMc confirmed that OMSE is classed as affordable and if more new builds were deemed affordable there could be displacement issues under section 75. HD commented that HtB has become more like OMSE over time with changes to the criteria and lower thresholds.
15. DO asked which scheme has higher public awareness. JMc confirmed public awareness of HtB is higher although the financial sector are aware of all the schemes and financial advisers will be telling people about all the schemes available to them. ■ noted that if the schemes were to become closer it would have to be made very clear for lenders which scheme they are lending under.
16. NB asked ■ if the mortgage market would pick up the slack if HtB were to end? ■ noted that there has been a pickup in higher LTVs however there is still not universal coverage and lenders may not be able to pick up the gap if HtB were to end. Other factors such as the period of uncertainty around Brexit could come into play, particularly around impacts on consumer confidence. It was not apparent at this time that Brexit itself would have an impact on the availability of mortgage lending. There is still a place in the market for HtB.

17. DO asked if SG were looking to change the characteristics of the scheme? JMc confirmed that if there was a reduction in the budget SG would be looking to HfS and UK Finance to feedback on what they see the scheme looking like. ■ commented that reducing the equity stake any further than 15% would have an impact as LTV lending on flats can be difficult as it is with a 15% equity stake. NB commented that builders would not want any further reduction in the price cap. However we could consider making the scheme for first time buyers only. DO noted that existing owners that buy through the scheme as freeing up market entry level properties elsewhere. ■ noted that one consistent price cap would be good to avoid the potential year end issues.
18. JMc asked what the impact would be of just funding smaller developers. NB commented that SMEs have other issues when developing with planning, infrastructure and finance and HtB is not a big factor for them. A lot of smaller developers are building properties over the £200,000 threshold. She did not think a small developers fund with no main fund would be welcomed by her members.
19. ■ asked if it is extended how long is it likely to be for? JMc said it is difficult to know when we have yearly spending reviews but if possible would come into line with UK Government scheme. DCLG are currently reviewing UK scheme but no timescale has been given on when that will be complete.
20. DO asked about the characteristics of the new scheme compared with the old scheme. JMc we will be doing similar analysis to the first scheme, we will be able to pull out the information from the sales log forms we receive to show similar information (i.e. number of first time buyers, age profile, household income etc).

**Action point:** SG to ensure impact of changes in the new scheme are considered as part of evidence base when considering the future of HtB.

■

21. ■

■